

Message Text

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47

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 /103 W

----- 026606

R 021140Z JUN 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 2650

INFO AMEMBASSY MADRID

AMEMBASSY PARIS

AMEMBASSY RABAT

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E.O. 11652: N/A

TAGS: ENRG, AG

SUBJECT: ALGERIAN GAS PROJECTS

1. SONATRACH IS AGAIN ACTIVELY CONSIDERING ENLARGING CAMEL LNG PLANT AT ARZEW. THIS PLANT WAS BUILT IN 1965 AND IS ALGERIA'S ONLY SUCCESSFUL LNG PLANT. IT HAS RUN RELATIVELY TROUBLE-FREE AFTER TWO YEAR BREAK-IN PERIOD. IN LAST TWO YEARS IT HAS PRODUCED LNG AT ABOUT 145 PERCENT OF DESIGN CAPACITY OR PROCESSING ABOUT 2.2 BILLION CUBIC METERS OF GAS A YEAR.

2. SONATRACH IS THINKING OF TRIPLING CAMEL'S CAPACITY THUS RAISING IT TO 7 BILLION CUBIC METERS A YEAR. SINCE CAMEL ORIGINALLY DESIGNED BY AMERICAN FIRM, CHADERLI, THE RECENTLY RETIRED PRESIDENT OF CAMEL, EXPRESSES STRONG PREFERENCE FOR US BUILDER RATHER THAN FOLLOW QUOTE DISASTROUS DESIGN ERRORS OF FRENCH AT SKIKDA END QUOTE.

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3. IN ODER TO ENLARGE CAMEL, SONATRACH HAS OFFERED 15 PERCENT PARTICIPATION TO ROYAL DUTCH SHELL, THE EXISTING

MINORITY PARTNER, AND KUWAITIS HAVE INDICATED INTEREST IN
7 TO 10 PERCENT PARTICIPATION. REST OF FINANCING, 100
MILLION DOLLARS, WOULD BE RAISED IN EURODOLLAR MARKET.
SEVERAL BANKS HAVE BEEN APPROACHED ON THIS.

4. ENLARGEMENT OF CAMEL, EXISTING, OPERATING PLANT WITH
MANY OF NECESSARY FACILITIES, MAY WELL BE BEST WAY OF GETTING
STALLED ALGERIAN LNG PROJECTS MOVING AGAIN. HOWEVER,
ALGERIANS ARE MEETING AGAIN THIS WEEK ON EUROGAS ARZEW III
PROJECT. FINALLY, FRENCH AGREED TO SPEED UP AND ENLARGE
ENGINEERING WORK ON ALGERIA-SPAIN-FRANCE PIPELINE. SIX
MONTHS WERE CUT-OFF STUDY PHASE SO PROJECT COULD START GAS
FLOWING IN 1982. PROJECT HAS BEEN ENLARGED TO COVER
ENGINEERING OF PIPELINE CAPABLE OF HANDLING 40 BILLION
CUBIC METERS OF GAS A YEAR.PARKER

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Message Attributes

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